

Company Registration No. 109244

ARSENAL FOOTBALL CLUB PLC

Report and Financial Statements

31 May 2009

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ARSENAL FOOTBALL CLUB PLC

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ARSENAL FOOTBALL CLUB PLC

REPORT AND FINANCIAL STATEMENTS 2009 OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

R.C.L. Carr
D.D. Fisman
K.J. Friar OBE
I.E. Grazidis
Lord Harris of Peckham
P.D. Hill-Wood
Sir Chips Keswick
E.S. Kroenke

SECRETARY

D Miles

REGISTERED OFFICE

Highbury House
75 Drayton Park
London
N5 1BU

AUDITORS

Deloitte LLP
Chartered Accountants
London

ARSENAL FOOTBALL CLUB PLC

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 May 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a professional football club and the related commercial activities.

BUSINESS REVIEW AND FUTURE PROSPECTS

The Club achieved respectable fourth place in the Premier League which has resulted in the Club qualifying of the group stage of the UEFA Champions League for a twelfth consecutive season. In addition the Club reached the semi-finals of both the UEFA Champions League and FA Cup. The Club's revenues showed continued growth mainly as a result of four additional home fixtures and UEFA Champions League broadcasting revenue. The third year of operations at Emirates Stadium was again successful. Emirates Stadium provides high quality match day facilities which allow a far greater number of the Club's supporters to attend matches and also provides the Club with the sound financial base and level of financial resources from which it can build the strongest possible future.

The corporate structure together with the legal and financial agreements put in place in connection with the Arsenal Holdings plc group's financial arrangements for Emirates Stadium means that ticket revenues for Emirates Stadium are now managed, controlled and accounted for by a fellow subsidiary company, Arsenal Stadium Management Company Limited, rather than the Club itself. Arsenal Stadium Management Company Limited pays the Club an appearance fee out of the ticket revenues it collects.

There are a number of potential risks and uncertainties which could have a material impact on the Company's long term performance and these risks and uncertainties are monitored by the Board on a regular basis. In particular, the Company's income is affected by the performance and popularity of the first team because significant sources of revenue are derived from strong team performances in the Premier League, FA Cup and UEFA Champions League (or UEFA Cup) and the level of income will vary dependent upon the team's participation and performance in these competitions. The Club is regulated by the rules of the FA, Premier League, UEFA and FIFA and any change to FA, Premier League, UEFA and FIFA regulations in future could have an impact on the Company as the regulations cover areas such as: the format of competitions, the division of broadcasting income, the eligibility of players and the operation of the transfer market. The Company monitors its compliance with all applicable rules and regulations on a continuous basis and also monitors and considers the impact of any potential changes.

GOING CONCERN

The Company's bank facilities are not currently due for renewal, however, the Company has held a discussion with its banker about these facilities and no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The directors have considered the Company's financial position, resources and revenue streams (including those from stadium/match-day activities and the Premier League TV contract) and they believe the Company, which is a member of the Arsenal Holdings plc group, is well placed to manage its business risks successfully.

Accordingly, the directors have a reasonable expectation the Company has adequate resources to continue in operational existence for the foreseeable future and the financial statements continue to be prepared on the going concern basis.

RESULTS AND DIVIDENDS

The results for the year are set out on page 6.

The directors did not pay or declare a dividend for the year (2008 - £Nil).

ARSENAL FOOTBALL CLUB PLC

DIRECTORS' REPORT (continued)

DIRECTORS

The directors of the Company, all of whom served throughout the year unless stated otherwise are set out below:-

R.C.L. Carr
D.D. Fisman
K.J. Friar OBE
I.E. Gazidis (appointed 1 January 2009)
Lord Harris of Peckham
P.D. Hill-Wood
Sir Chips Keswick
E.S. Kroenke (appointed 19 September 2008)

In addition Lady Nina Bracewell-Smith served as a director until 17 December 2008.

In accordance with the provisions of Article 90 of the Articles of Association K.J. Friar OBE, Lord Harris of Peckham and Sir Chips Keswick retire by rotation and, being eligible, offer themselves for re-election.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the Company made donations for charitable purposes amounting to £64,722 (2008 - £44,466) and £Nil political contributions (2008 - £Nil).

CREDITOR PAYMENT POLICY

The Company's policy is to pay all creditors in accordance with contractual and other legal obligations. Advantage is taken of available discounts for prompt payment whenever possible. The rate, expressed in days, between the amounts invoiced to the Company by its suppliers in the year and the amount owing to trade and other creditors at the year end was 69 days (2008 - 48 days).

EMPLOYEES

Within the bounds of commercial confidentiality, the Company endeavours to keep staff at all levels informed of matters that affect the progress of the Company and are of interest to them as employees.

The Company operates an equal opportunities policy. The aim of this policy is to ensure that there should be equal opportunity for all and this applies to external recruitment, internal appointments, terms of employment, conditions of service and opportunity for training and promotion regardless of gender, ethnic origin or disability.

Disabled persons are given full and fair consideration for all types of vacancy in as much as the opportunities available are constrained by the practical limitations of the disability. Should, for whatever reason, an employee of the Company become disabled whilst in employment, every step, where appropriate will be taken to assist with rehabilitation and suitable re-training.

The Company maintains its own health, safety and environmental policies covering all aspect of its operations. Regular meetings and inspections take place to ensure all legal requirements are adhered to and that the Company is responsive to the needs of the employees and the environment.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

ARSENAL FOOTBALL CLUB PLC

DIRECTORS' REPORT (continued)

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who is a director of the Company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditors are unaware; and
- each of the directors has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information (as defined) and to establish that the Company's auditors are aware of that information.

AUDITORS

A resolution to re-appoint Deloitte LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



D Miles
Secretary

27 November 2009

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARSENAL FOOTBALL CLUB PLC

We have audited the financial statements of Arsenal Football Club plc for the year ended 31 May 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

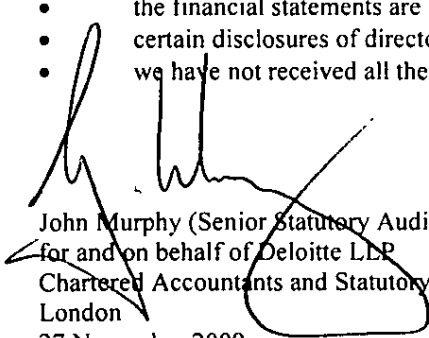
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Murphy (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London
27 November 2009

ARSENAL FOOTBALL CLUB PLC

PROFIT AND LOSS ACCOUNT

Year ended 31 May 2009

		2009			2008		
	Note	Operations excluding player trading £'000	Player trading £'000	Total £'000	Operations excluding player trading £'000	Player Trading £'000	Total £'000
Turnover	1,2	192,964	3,589	196,553	182,829	472	183,301
Operating expenses	3	(148,179)	(23,876)	(172,055)	(139,397)	(21,757)	(161,154)
Operating profit/(loss)		44,785	(20,287)	24,498	43,432	(21,285)	22,147
Profit on disposal of tangible fixed assets		32	-	32	19	-	19
Profit on disposal of player registrations		-	23,178	23,178	-	26,458	26,458
Profit on ordinary activities before interest		44,817	2,891	47,708	43,451	5,173	48,624
Net interest payable	4			(854)			(284)
Profit on ordinary activities before taxation				46,854			48,340
Taxation	7			(10,415)			(11,751)
Profit after taxation retained for the financial year	19			36,439			36,589

All trading resulted from continuing operations.

Player trading consists primarily of the amortisation of the costs of acquiring player registrations, any impairment charges and profit on disposal of player registrations.

There were no recognised gains or losses in the current or previous year other than those recorded in the profit and loss account and, accordingly, no statement of total recognised gains and losses is presented.

ARSENAL FOOTBALL CLUB PLC

BALANCE SHEET

31 May 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Tangible fixed assets	9	34,982	35,913
Intangible fixed assets	10	68,446	55,665
Investments	11	6,520	6,520
		<u>109,948</u>	<u>98,098</u>
Current assets			
Stock - retail merchandise	12	1,750	1,217
Debtors - due within one year	13	34,829	25,503
- due after one year	13	205,846	202,179
Cash at bank and in hand		28,182	14,403
		<u>270,607</u>	<u>243,302</u>
Creditors: amounts falling due within one year	14	(99,526)	(80,147)
Net current assets		<u>171,081</u>	<u>163,155</u>
Total assets less current liabilities		<u>281,029</u>	<u>261,253</u>
Creditors : amounts falling due after more than one year	15	(173,764)	(187,300)
Provisions for liabilities	16	(9,565)	(12,692)
Net assets		<u>97,700</u>	<u>61,261</u>
Capital and reserves			
Called up share capital	17	62	62
Share premium	18	56,696	56,696
Joint venture reserve	18	1,470	1,470
Profit and loss account	19	39,472	3,033
Shareholders' funds		<u>97,700</u>	<u>61,261</u>

These financial statements of Arsenal Football Club plc (registered number 109244) were approved and authorised for issue by the Board of Directors on 27 November 2009.

Signed on behalf of the Board of Directors



K.J. Friar
Director

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

1. Accounting policies

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom Generally Accepted Accounting Practice and, as described in the Directors' Report, on the going concern basis. The particular accounting policies adopted are described below and have been applied consistently throughout the current and preceding year.

Basis of preparation of financial statements

The Company has not produced consolidated financial statements as it qualifies for exemption as a wholly owned subsidiary of a United Kingdom parent company, Arsenal Holdings plc, which publishes consolidated financial statements.

Cash flow statement

As a wholly owned subsidiary of a parent company which publishes a consolidated cash flow statement, the Company is exempt from the requirement to present a cash flow statement as per FRS 1 (revised 1996).

Employee benefit trust

Assets and liabilities held in the Company's employee benefit trusts are consolidated in accordance with the requirements of UITF 32. Long-term receivables included in the trust's balance sheet have been discounted to their net present value by applying a discount rate of 5%.

Investment in joint venture

The joint venture is an undertaking in which the Company holds an interest on a long-term basis and which is jointly controlled by the Company (which holds 50% of the voting rights) and Kroenke Sports Enterprises under a contractual arrangement.

Investments are stated at cost less provisions for impairment. Impairment charges on investments are reported as exceptional items after operating profits.

Turnover and income recognition

Turnover represents income receivable, net of VAT, from football and related commercial activities. The Company has one class of business which is the principal activity of operating a professional football club.

Certain special purpose arrangements have been established in connection with the Arsenal Holdings plc group's financing arrangements for Emirates Stadium and, with effect from the start of the 2006/07 football season, ticket revenues for Emirates Stadium are received and accounted for by a fellow subsidiary company, Arsenal Stadium Management Company Limited. Under the terms of the related financial and legal agreements, the Company receives appearance fees from Arsenal Stadium Management Company Limited which are accounted for as part of match day revenue. Match day revenue is recognised over the period of the football season as games are played. Sponsorship and similar commercial income is recognised over the duration of the respective contracts. The fixed element of broadcasting revenues is recognised over the duration of the football season whilst facility fees for live coverage or highlights are taken when earned. Merit awards are accounted for only when known at the end of the financial period. UEFA pool distributions relating to participation in the Champions League are spread over the matches played in the competition whilst distributions relating to match performance are taken when earned; these distributions are classified as broadcasting revenues. Fees receivable in respect of the loan of players are included in turnover over the period of the loan.

Depreciation

Depreciation is calculated to reduce the cost of plant, equipment, motor vehicles and land and buildings to the anticipated residual value of the assets concerned in equal annual instalments over their estimated useful lives as follows:

Freehold land	0% per annum
Freehold buildings	2% per annum
Leasehold properties	Over the period of the lease
Plant and equipment	10% to 20% per annum
Motor vehicles	25% per annum

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

1. Accounting policies (continued)

Stocks

Stocks comprise retail merchandise and are stated at the lower of cost and net realisable value.

Player costs

The costs associated with acquiring players' registrations or extending their contracts, including agents' fees, are capitalised and amortised, in equal instalments, over the period of the respective players' contracts. Where a contract life is renegotiated the unamortised costs, together with the new costs relating to the contract extension, are amortised over the term of the new contract. Where the acquisition of a player registration involves a non-cash consideration, such as an exchange for another player registration, the transaction is accounted for using an estimate of the market value for the non-cash consideration. Provision is made for any impairment and player registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

Under the conditions of certain transfer agreements or contract renegotiations, further fees will be payable in the event of the players concerned making a certain number of First Team appearances or on the occurrence of certain other specified future events. Liabilities in respect of these additional transfer fees are accounted for, as provisions, when it becomes probable that the number of appearances will be achieved or the specified future events will occur.

Profits or losses on the sale of players represent the transfer fee receivable, net of any transaction costs, less the unamortised cost of the player's registration.

Remuneration of players is charged in accordance with the terms of the applicable contractual arrangements and any discretionary bonuses when there is a legal or constructive obligation.

Debt

The carrying value of long term debt is not discounted.

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Foreign currency assets and liabilities held at the year end are translated at year-end exchange rates or the exchange rate of a related forward exchange contract where appropriate. Exchange gains or losses are dealt with in the profit and loss account.

Deferred income

Deferred income represents income from sponsorship agreements and other contractual agreements which is credited to the profit and loss account over the period of the agreements.

Leases

Rentals payable under operating leases are charged to the profit and loss account evenly over the lease period.

Pensions

The Company makes contributions on behalf of employees and directors to a number of independently controlled defined contribution and money purchase schemes, the principal one of which is The Football League Pension and Life Assurance Scheme. Contributions are charged to the profit and loss account over the period to which they relate.

In addition, the Company is making contributions in respect of its share of the deficit of the defined benefit section of The Football League Pension and Life Assurance Scheme (the "Scheme"). A provision has been established for the Company's share of the deficit which exists in this section of the scheme and this additional contribution is being charged to the profit and loss account over the remaining service life of those Arsenal employees who are members of the Scheme. The amount attributable to employees who have retired or who have left the Company has been charged to the profit and loss account.

Under FRS 17 - Retirement Benefits - the Scheme would be treated as a defined benefit multi-employer scheme. The Scheme's actuary has advised that the participating employers' share of the underlying assets and liabilities cannot be identified on a reasonable and consistent basis and accordingly no disclosures are made under the provisions of FRS 17.

The assets of all schemes are held in funds independent from the Company.

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

A deferred tax asset is recognised only when, on the basis of available evidence, it can be regarded as more likely than not that the reversal of underlying timing differences will result in a reduction in future tax payments.

2. Turnover

Turnover, all of which originates in the UK, comprises the following:

	2009 £'000	2008 £'000
Match day revenues	72,092	70,591
Broadcasting	73,239	68,360
Retail	13,853	13,050
Commercial	33,780	30,828
Player trading	3,589	472
	<u>196,553</u>	<u>183,301</u>

3. Operating expenses

Operating expenses comprise:

	2009 £'000	2008 £'000
Amortisation of player registrations	23,876	21,757
Depreciation	2,617	2,485
	<u>26,493</u>	<u>24,242</u>
Total depreciation and amortisation	26,493	24,242
Staff costs (see note 6)	101,188	96,511
Other operating charges	44,374	40,401
	<u>172,055</u>	<u>161,154</u>

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

3. Operating expenses (continued)

	2009 £'000	2008 £'000
Other operating charges are stated after charging:		
Auditors' remuneration - audit of the company's financial statements	50	55
- other services	39	33
- tax services	254	358
Operating lease payments - plant and machinery	163	152
- other	169	267
	<u> </u>	<u> </u>

4. Net interest payable

	2009 £'000	2008 £'000
Interest payable and similar charges:-		
Bank loans and overdrafts	(26)	(2)
Other	(2,071)	(1,844)
	<u> </u>	<u> </u>
Total interest payable and similar charges	(2,097)	(1,846)
Interest receivable	1,243	1,562
	<u> </u>	<u> </u>
Net interest payable	(854)	(284)
	<u> </u>	<u> </u>

5. Directors' emoluments

	2009 £'000	2008 £'000
Emoluments	1,781	1,529
Pension contributions	461	-
	<u> </u>	<u> </u>
	2,242	1,529
	<u> </u>	<u> </u>
Emoluments of the highest paid director	986	1,056
	<u> </u>	<u> </u>
Pension contributions of the highest paid director	419	-
	<u> </u>	<u> </u>

In the prior year, in addition to the amounts disclosed above, £1,667,500 was receivable by K.G. Edelman, following his resignation as a director, as compensation for his loss of office and for consultancy services.

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

6. Employees (including directors)	2009	2008
	Number	Number
The average number of persons employed by the Company during the year was:		
Playing staff	62	54
Training staff	38	31
Administrative staff	196	197
Ground staff	88	97
	<u>384</u>	<u>379</u>
In addition the Company utilises on average 893 temporary personnel on match days (2008 - 902).		
	2009	2008
	£'000	£'000
Staff costs:		
Wages and salaries	88,425	85,983
Social security costs	10,673	9,947
Other pension costs	2,090	581
	<u>101,188</u>	<u>96,511</u>
7. Tax on profit on ordinary activities	2009	2008
	£'000	£'000
Group relief at 28% (2008 - 29.67%)	3,778	1,486
UK corporation tax charge at 28% (2008 - 29.67%)	7,985	11,689
Over provision in respect of prior years	(2,436)	-
Total current taxation charge	<u>9,327</u>	<u>13,175</u>
Deferred taxation (see note 16)		
Origination and reversal of timing differences	1,088	(1,377)
Impact of change in tax rate	-	21
Over provision in respect of prior years	-	(68)
Total tax on profit on ordinary activities	<u>10,415</u>	<u>11,751</u>
The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:		
	2009	2008
	£'000	£'000
Profit on ordinary activities before tax	<u>46,854</u>	<u>48,340</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 28% (2008 - 29.67%)	13,119	14,342
Effects of:		
Capital allowances in excess of depreciation	(49)	(329)
Other timing differences	(1,041)	1,789
Expenses not deductible for tax purposes	1,775	2,280
Group relief and intra-group adjustments	(2,041)	(4,907)
Adjustments to tax charge in respect of prior years	(2,436)	-
Current taxation for the year	<u>9,327</u>	<u>13,175</u>

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

7. Tax on profit/(loss) on ordinary activities (continued)

Tax losses have been claimed from other group companies for a consideration computed at rates ranging from 0% up to the full rate of UK corporation tax, currently 28%.

The tax charge in future years may be affected by:

- A change in the consideration paid for group relief.
- The legislation relating to taxation of profits on disposal of intangible assets, including player registrations, and rollover relief thereon.

8. Dividends

The Company did not pay or declare a dividend for the year (2008 - £Nil).

9. Tangible fixed assets

Company	Freehold properties £'000	Leasehold properties £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 June 2008	31,688	6,528	7,646	118	45,980
Additions	293	540	848	5	1,686
Disposals	-	(704)	(614)	-	(1,318)
At 31 May 2009	31,981	6,364	7,880	123	46,348
Depreciation					
At 1 June 2008	4,640	2,362	3,006	59	10,067
Charge for the year	1,236	365	996	20	2,617
Disposals	-	(704)	(614)	-	(1,318)
At 31 May 2009	5,876	2,023	3,388	79	11,366
Net book amount					
At 31 May 2009	26,105	4,341	4,492	44	34,982
At 31 May 2008	27,048	4,166	4,640	59	35,913

At 31 May 2009 the Company had contracted capital commitments of £0.3 million (2008 - £0.8 million).

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

10. Intangible fixed assets

	£'000
Cost of player registrations	
At 1 June 2008	109,920
Additions	41,299
Disposals	(19,757)
	<hr/>
At 31 May 2009	131,462
	<hr/>
Amortisation of player registrations	
At 1 June 2008	54,255
Charge for the year	23,876
Disposals	(15,115)
	<hr/>
At 31 May 2009	63,016
	<hr/>
Net book amount	
At 31 May 2009	68,446
	<hr/>
At 31 May 2008	55,665
	<hr/>

The figures for cost of player registrations are historical cost figures for purchased players only. Accordingly the net book amount of player registrations will not reflect, nor is it intended to, the current market value of these players nor does it take any account of players developed through the Company's youth system.

The directors consider the net realisable value of intangible assets to be significantly greater than their book value.

11. Investments

	£'000
Cost of investments	
At 1 June 2008	25,050
Additions	-
	<hr/>
At 31 May 2009	25,050
	<hr/>
Being:	
Investment in joint venture	20,000
Investments in subsidiary companies	5,050
	<hr/>
	25,050
	<hr/>

	2009 £'000	2008 £'000
Investment in joint venture		
Investments at cost	20,000	20,000
Provision for impairment	(18,530)	(18,530)
Investment in subsidiary companies		
Investments at cost	5,050	5,050
	<hr/>	<hr/>
	6,520	6,520
	<hr/>	<hr/>

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

11. Investments (continued)

The joint venture represents an interest in Arsenal Broadband Limited, a company incorporated in Great Britain and engaged in running the official Arsenal Football Club internet portal. The Company owns all of the 20,000,001 Ordinary "A" shares of £1 each and the one "C" share of £1 issued by Arsenal Broadband and controls 50 per cent of the voting rights.

Investments in subsidiary undertakings

At 31 May 2009 the Company had the following subsidiary companies (of which those marked * are indirectly held):

	Country of incorporation	Proportion of Shares owned	Principal Activity
Arsenal (Emirates Stadium) Limited	Great Britain	100%	Property development
Arsenal Stadium Management Company Limited*	Great Britain	100%	Stadium operations
Arsenal Securities plc	Great Britain	100%	Financing
Arsenal Overseas Limited	Jersey	100%	Retail operations
Filepack Nominees Limited	Great Britain	100%	Dormant

12. Stocks

	2009 £'000	2008 £'000
Retail merchandise	1,750	1,217

13. Debtors

	2009 £'000	2008 £'000
Amounts receivable within one year:		
Trade debtors	2,386	3,085
Other debtors	18,211	9,699
Deferred taxation	648	1,736
Prepayments and accrued income	13,584	10,983
	<u>34,829</u>	<u>25,503</u>
Amounts recoverable in more than one year:		
Amounts due from group undertakings	197,838	190,740
Other debtors	5,319	8,845
Prepayments and accrued income	2,689	2,594
	<u>205,846</u>	<u>202,179</u>

Total other debtors of £23.53 million include £22.89 million in respect of player transfers (2008 - £18.13 million) of which £5.18 million is recoverable in more than one year.

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

13. Debtors (continued)

Deferred tax asset	2009 £'000	2008 £'000
Deferred tax (asset)/provision in respect of:-		
Corporation tax deferred by accelerated capital allowances	1,004	956
Other timing differences	(1,652)	(2,692)
Total deferred taxation asset	<u>(648)</u>	<u>(1,736)</u>

The deferred tax charge for the year was £1.09 million (2008 - credit of £1.42 million).

14. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade creditors	7,977	4,248
Corporation tax	8,476	10,550
Other tax and social security	4,500	7,880
Other creditors and loans	24,005	12,037
Accruals and deferred income	54,568	45,432
	<u>99,526</u>	<u>80,147</u>

Other creditors, above and as disclosed in note 15, include £25.80 million (2008 - £15.98 million) in respect of player transfers and directly related costs.

15. Creditors: amounts falling due after more than one year

	2009 £'000	2008 £'000
Debenture subscriptions	14,430	14,432
Amount due to group undertakings	136,691	142,101
Other creditors	4,803	5,340
Deferred income	17,840	25,427
	<u>173,764</u>	<u>187,300</u>

Under the issue terms the debentures are repayable at par after 133 years. The debentures are interest free.

16. Provision for liabilities

	2009 £'000	2008 £'000
Pensions provision (Note 24 (b))	1,362	576
Transfers	8,203	12,116
	<u>9,565</u>	<u>12,692</u>

The transfers provision relates to the probable additional fees payable based on the players concerned achieving a specified number of appearances or the occurrence of certain other specified events.

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

17. Called up share capital	2009	2008
	£'000	£'000
Authorised		
62,217 Ordinary shares of £1 each	62	62
	<hr/>	<hr/>
Called up, allotted and fully paid		
61,947 Ordinary shares of £1 each	62	62
	<hr/>	<hr/>
18. Share premium and other reserves	Joint venture reserve	Share premium
	£'000	£'000
Balance at start and end of year	1,470	56,696
	<hr/>	<hr/>
19. Profit and loss account	2009	2008
	£'000	£'000
Balance at start of year	3,033	(33,556)
Profit for the year	36,439	36,589
	<hr/>	<hr/>
Balance at end of year	39,472	3,033
	<hr/>	<hr/>
20. Reconciliation of movement in shareholders' funds	2009	2008
	£'000	£'000
Opening shareholders' funds	61,261	24,672
Profit for the year	36,439	36,589
	<hr/>	<hr/>
Closing shareholders' funds	97,700	61,261
	<hr/>	<hr/>

21. Leasing commitments

Commitments due under operating leases for the year to 31 May 2010 are in respect of:

	2009		2008	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Leases expiring :				
Between two and five years	-	163	-	150
After five years	134	-	124	-
	<hr/>	<hr/>	<hr/>	<hr/>
	134	163	124	150
	<hr/>	<hr/>	<hr/>	<hr/>

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

22. Contingent liabilities

Under the conditions of certain transfer agreements in respect of players purchased, further transfer fees will be payable to the vendors in the event of the players concerned making a certain number of First Team appearances or in the event of certain other future events specified in the transfer agreements. In accordance with the Company's accounting policy for transfer fees, any additional fees which may be payable under these agreements, will be accounted for in the year that it becomes probable that the number of appearances will be achieved or the specified future events will occur. The maximum unprovided liability amounts to £7.1 million (2008 - £12.3 million).

The Company is a member of a VAT group and, consequently, is contingently liable for the VAT liabilities of that group. The amount outstanding at 31 May 2009 was £6.29 million (2008 - £10.33 million).

23. Related party transactions

	2009 Income/ (charge) £'000	2008 Income/ (charge) £'000
The Company has the following transaction with Arsenal Broadband Limited in the year:		
Provision of office services	123	124
Merchandising and advertising sales	(665)	(587)
Arsenal TV commission	356	-

At 31 May 2009 the balance owing from the Company to Arsenal Broadband Limited was £1,546,000 (2008: £337,000).

As a wholly owned subsidiary of Arsenal Holdings plc, a company which publishes consolidated accounts, the Company is exempt from disclosing details of transactions with members of the Arsenal Holdings Group.

24. Pensions

a) Defined contribution schemes

Total contributions charged to the profit and loss account during the year amounted to £1,474,971 (2008: £556,785).

b) Defined benefit scheme

	2009 £'000	2008 £'000
Provision at start of year	576	705
Payments in year	(129)	(129)
Increase in provision	915	-
Provision at end of year	1,362	576

The Company is advised of its share of the deficit in the Scheme. The most recent actuarial valuation of the Scheme was as at 31 August 2008 and indicated that the contribution required from the Company towards making good the deficit was £1.33 million at 1 September 2009 (the total deficit in the Scheme at this date was £13.2 million).

Additional contributions are being charged to the profit and loss account over the remaining service life of those Arsenal employees who are members of the Scheme. The amount attributable to employees who have already retired or who have left the Company has been charged to the profit and loss account.

The agreed revised deficit is being paid off over a period of 10 years commencing September 2009. Payments for the year amounted to £128,916 and the profit and loss account charge was £614,492 (2008 - £24,000).

ARSENAL FOOTBALL CLUB PLC

NOTES TO THE ACCOUNTS

Year ended 31 May 2009

25. Post balance sheet events

Since the end of the financial year the Company has contracted for the purchase and sale of various players. The net income resulting from these transfers, taking into account the applicable levies, is £27.3 million. These transfers will be accounted for in the year ended 31 May 2010.

26. Ultimate parent company

The Company is a wholly owned subsidiary of Arsenal (AFC Holdings) Limited, a company incorporated in Great Britain. The largest and smallest group in which the Company's results are included is the consolidated accounts of the ultimate parent company, Arsenal Holdings plc, a company incorporated in Great Britain. These consolidated accounts are available to the public and may be obtained from Arsenal Holdings plc, Highbury House, 75 Drayton Park, London N5 1BU.